

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 92-089-E - ORDER NO. 92-214 ✓
MARCH 24, 1992

IN RE: Carolina Power & Light Company -)	ORDER GRANTING
Application for Authority to)	AUTHORITY TO
Enter into a Pollution Control)	ENTER INTO A
Financing.)	POLLUTION CONTROL
)	FINANCING

This matter comes before the Public Service Commission of South Carolina (the Commission) upon an Application of Carolina Power & Light Company (the Company) filed on February 28, 1992, requesting authority to enter into a pollution control financing.

FINDINGS OF FACT

1. The Company's correct name and post office address are Carolina Power & Light Company, Post Office Box 1551, Raleigh, North Carolina 27602. The name and post office address of its attorney are Adrian N. Wilson, Post Office Box 1551, Raleigh, North Carolina 27602. The Company is a corporation organized and existing under the laws of the state of North Carolina, with its principal office at 411 Fayetteville Street, Raleigh, North Carolina, where it is engaged in the business of generating, transmitting, delivering and furnishing electricity to the public for compensation.

2. The Company's capital stock outstanding at December 31, 1991 consisted of Common Stock with a stated value of \$1,622,277,000 and Preferred Stock having a stated value of \$275,818,000. As of December 31, 1991, the retained earnings of the Company were \$1,034,160,000.

The Company's existing long-term debt at December 31, 1991 amounted to principal amounts of \$2,496,195,000 in First Mortgage Bonds and \$474,417,000 in other long-term debt. The First Mortgage Bonds were issued under and pursuant to an Indenture of Trust dated as of May 1, 1940, duly executed by the Company to The Bank of New York (formerly Irving Trust Company), as Corporate Trustee, and Frederick G. Herbst, as Individual Trustee, succeeded by W. T. Cunningham, who presently is acting as Individual Trustee, as supplemented by fifty-three Supplemental Indentures.

3. Pursuant to the provisions of its Charter and for the purposes hereinafter stated, the Company proposes to enter into a Loan Agreement with The Person County Industrial Facilities and Pollution Control Financing Authority in Person County, North Carolina (the "Authority"), with such Loan Agreement to be substantially in the form of the draft Loan Agreement attached to the Company's Application as Exhibit A. Under the terms of the Loan Agreement, the Authority will issue and sell up to \$56,000,000 aggregate principal amount of Pollution Control Revenue Refunding

Bonds (the "Bonds") in accordance with an Indenture of Trust, with such Indenture of Trust to be substantially in the form of the draft Indenture of Trust attached to the Company's Application as Exhibit B. Such sale will be made in an underwritten public offering as described in an Official Statement, with such Official Statement to be substantially in the form of the draft Official Statement attached to the Company's Application as Exhibit C. The Bonds will mature no later than 30 years from the date of issuance. Upon issuance, the interest rate on the Bonds will be adjusted weekly based on the prevailing market rate for comparable securities, with interest payable on a monthly basis. At the time of issuance, it is expected that the interest rate on the Bonds will be approximately 3¼%. At the Company's option, the Bonds may be issued at or converted to a daily variable interest rate, a weekly variable interest rate, a monthly variable interest rate, a term interest rate for a term of one or more whole years or a fixed interest rate to maturity.

4. The Bonds will be issued initially on an unsecured basis. At the Company's option, security may be provided at any point in time by the Company's First Mortgage Bonds, a letter of credit or another form of security deemed appropriate by the Company.

5. The proceeds from the sale of the Bonds will be loaned by the Authority to the Company for the purpose of refinancing by the payment or redemption, or provision therefor, of the outstanding 8% Collateralized Pollution Control Revenue Bonds (Carolina Power & Light Company Project), 1979 Series A (the "1979A Bonds"). The issuance of the 1979A Bonds was approved by this Commission in Docket No. 79-393-E for the purpose of financing the construction of pollution control facilities at the Company's Mayo and Roxboro Plants in Person County, North Carolina.

6. The Company's obligation to make the payments due under the Loan Agreement for principal and interest on the Bonds is absolute, irrevocable and unconditional. The Company estimates that it will incur expenses of approximately \$262,000 and underwriters' fees of approximately \$110,000 in connection with the transaction.

7. Approval of this Application does not bind the Commission as to the ratemaking treatment of this issuance.

8. This Order shall not, in any way, affect or limit the right, duty, or jurisdiction of the Commission to further investigate and order revisions, modifications, or changes with respect to any provision of this Order in accordance with the law.

CONCLUSIONS OF LAW

1. The proposed undertaking of payment obligations under the Loan Agreement is subject to regulation by the Commission pursuant to S.C. CODE ANN. §58-27-1710 (1976, as amended) et. seq.

2. Based on the above findings, the Commission concludes that the transaction proposed in the Company's Application:

- (i) Is for a lawful object within the corporate purposes of the Company;
- (ii) Is compatible with the public interest;
- (iii) Is necessary and appropriate for and consistent with the proper performance by the Company of its service to the public as a utility;
- (iv) Will not impair the Company's ability to perform its public service; and
- (v) Is reasonably necessary and appropriate for such purposes.

IT IS THEREFORE ORDERED:

1. That Carolina Power and Light Company be and it is hereby authorized, empowered, and permitted under the terms set forth in the Application to enter into the transaction described in the Application, and to execute and deliver such instruments, documents, and agreements as shall be necessary or appropriate in order to effectuate such transaction;


2. That this Commission hereby authorizes and approves the terms and conditions of the Company's proposed Loan Agreement, substantially in the form described in the Company's Application and Exhibits, with respect to the issuance of up to \$56,000,000 principal amount of Pollution Control Revenues Refunding Bonds.

IT IS FURTHER ORDERED THAT:

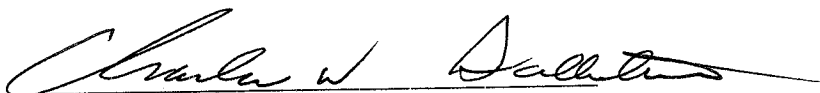
1. Approval of this Application does not bind the Commission as to the ratemaking treatment of this issuance.

2. This Order shall not, in any way, affect or limit the right, duty, or jurisdiction of the Commission to further investigate and order revisions, modifications, or changes with respect to any provision of this Order in accordance with the law.

BY ORDER OF THE COMMISSION:


Chairman

ATTEST:


Executive Director

(SEAL)